7634644-R. Nicholson
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City of Hermosa Beach
Civic Center
Hermosa Beach, California 90254

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AGREEMENT FOR SALE AND PURCHASE OF

REAL PROPERTY

THIS AGREEMENT is made and entered into on the date and year hereinafter set forth between the Hermosa Beach City School District (District) as Seller and the City of Hermosa Beach, a municipal corporation, (City) as Buyer.

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RECORDED IN OFFICIAL RECORDS OF LOS ANGELES COUNTY, CA
47 MIN. PAST 4 P.M. MAR 6 1978
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ARTICLE 1

RECITAL OF FACTS

1.01 Hermosa Beach City School District and its successor in interest are hereinafter referred to as "District."

1.02 The City Council of the City of Hermosa Beach is hereinafter referred to as "City Council."

1.03 The subject matter of this Sale and Purchase is described in Exhibit "A" attached hereto and incorporated by reference, hereinafter referred to as "Pier Avenue School."

1.04 A copy of the escrow instructions executed by the parties is attached hereto, marked Exhibit "B" and hereinafter referred to as "the escrow instructions" and "the escrow."

1.05 A copy of a Grant Deed setting forth the right of re-entry as to the use of the property is attached hereto, marked Exhibit "C" and is hereinafter referred to as "Grant Deed."

1.06 An agreement executed concurrently with this Agreement which provides for arbitration in case of future disputes between the District and the City, et al., is attached hereto, entitled "Arbitration Agreement" and incorporated herein by reference. Said agreement is hereinafter referred to as Exhibit "D."

1.07 Copies of Sections 15051 through 15054 and Section 16053.1 of the Education Code, which permits the District to sell the Pier Avenue School for less than market value, are attached hereto and hereinafter referred to as Exhibit "E" and any future amendments thereto, either expressly or by implication referred to as "governing law."

1.08 The preliminary title report prepared by Title Insurance and Trust Company is attached hereto, marked Exhibit "F" and incorporated herein by reference, hereinafter referred to as "Title Report."

1.09 A copy of a Resolution of the Intention of the District to sell the Pier Avenue School and a Resolution Approving the Sale of the Pier Avenue School for less than fair market value and a copy of the Resolution of the District Declaring the Property Surplus and the Proposed Resolution of the District approving this Agreement and Proofs of Publication are attached hereto and hereinafter referred to as Exhibit "G."

1.10 The Resolution of the City Council authorizing purchase of said property and the Resolution approving this Agreement shall be attached hereto after adoption by the City Council and shall be marked Exhibit "H."

1.11 Opinion letter from J. B. Mirassou, attorney for the City, and opinion letter from Gerald M. Hilby, attorney for the District, marked respectively Exhibits "I" and "J" and hereinafter referred to as "opinion letters."

1.12 A copy of a document entitled Lease Agreement for the Future Use of Pier Avenue School is attached hereto marked Exhibit "K."

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ARTICLE 2

SALE OF PROPERTY

The District hereby agrees to sell and the City hereby agrees to buy Pier Avenue School which is more fully described in Exhibit "A" on the terms and conditions hereinafter stated.

ARTICLE 3

PURCHASE PRICE

The purchase price of the property shall be the sum of $650,000 payable by the City to the District as follows:

3.01 $500,000 by the close of escrow.

3.02 The balance of $150,000 payable over a period of six years in the amount of $25,000 or more per year commencing one year subsequent to the close of escrow and payable in annual installments on the anniversary date of the escrow each year thereafter until paid in full.

3.03 The first $137,500 of the sums referred to in Paragraph 3.02 above shall be paid annually by the City on the date due into a trust fund of the City Treasurer's office of the City in trust for the Hermosa Beach City School District. The treasurer is instructed to deposit these monies into an interest-bearing account and such interest shall remain in the account. The purpose for the creation of this fund is to secure the agreement of the parties as hereinafter set out with reference to the potential of a violation of restrictions which are presently in existence or which may hereinafter be imposed by the Department of Housing and Urban Development with reference to the District's use of the property. With reference hereto the parties agree that in the event that the District's use of

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the property violates the restrictions of the Department of Housing and Urban Development either as presently in existence or hereinafter imposed and as a result of said violation the City is required to repay the Department of Housing and Urban Development all or a portion of the monies received by the City from that Department which were utilized in the purchase price of the property, then the City and the School District shall each forthwith pay one-half of said sums that must be repaid. The City Treasurer is authorized to withdraw the monies from the fund to pay said obligation. In the event of the failure of the District to pay one-half of said sums as required and there is insufficient monies in the fund, then the City may in addition to any other legal remedy set off its obligation to pay the District monies owed by the City to the District until the District's obligation has been paid in full. The parties agree however that the District's obligation to pay shall not exceed the sum of $137,500. The District's obligation to pay one-half of said sums to the Department as stated above shall cease at the end of the sixth year subsequent to the close of escrow whereupon all sums in the fund held by the City Treasurer shall be immediately transmitted to the District unless litigation is then pending between the parties regarding rights of said monies because of a pending claim by the Department of Housing and Urban Development.

In the event that the City and the District disagree as to whether or not the District's use of the property has caused a violation of the restrictions of the Department of Housing and Urban Development that question will be submitted to arbitration in accordance with the procedures set forth in the Arbitration Agreement.

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ARTICLE 4

ESCROW

The escrow has been opened at the Bank of America, Hermosa Beach, California, being Escrow #63-14258 (a copy of which is attached as Exhibit B) and shall be continued and shall be utilized to consummate the sale of this property except that the escrow instructions are hereby modified to conform to the provisions of this agreement.

4.01 The title shall be transferred to the City free and clear of all encumbrances, liens, reservations, restrictions incorporated therein or other impediments of title except as those set forth in this agreement and the attachments thereto and those set forth in the title report.

4.02 The contingencies set forth in the first and second pages of the escrow instructions are either satisfied or modified as follows:

a. Contingencies number one, two, three, eight and nine have been satisfied.

b. Contingency number four has been amended as set forth in Paragraph 5.03 below.

c. Contingencies number five, six and seven remain in full force and effect.

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ARTICLE 5

CONDITIONS PRECEDENT TO PURCHASE

The City's duty to purchase the Pier Avenue School is conditioned upon the occurence of all the following events:

5.01 The conditions set forth in the escrow instructions as modified by Article 4 above, and

5.02 The execution by the parties of all the agreements attached hereto as exhibits, and

5.03 The acceptance and receipt by the City of the Department of Housing and Urban Development Grant monies (HUD) (Fiscal years 1976-77, 1977-78) pursuant to the terms and conditions set forth by HUD, and

5.04 The approval by Title Insurance and Trust Company of the provisions set forth in the deed restrictions as identified in Articles 9 and 10.

ARTICLE 6

MISCELLANEOUS CONDITIONS AND WARRANTY

6.01 If the City receives the grant monies from the Department of Housing and Urban Development (Fiscal Years 1976-77, 1977-78) and the City is permitted under the terms of the grant to use the funds for the purchase of the Pier Avenue School, and thereafter elects not to purchase Pier Avenue School but to use the funds for some other purpose, the City shall pay to the District, as liquidated damages, forthwith, the sum of Twenty-four Thousand Dollars ($24,000.00).

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6.02 If for any reason the District ceases to be an independent District or becomes a part of another District through consolidation, merger, etc., the successor district shall have and shall be entitled to all the rights of the District set forth in this agreement, including the right of re-entry hereinafter set forth.

6.03 The District warrants that it has the power and right to sell Pier Avenue School upon the terms and conditions set forth in this Agreement and all Agreements attached by Exhibits hereto and said warranty shall survive the closing of the escrow.

ARTICLE 7

POSSESSION

The District shall deliver possession of the property to the City at the close of escrow free and clear of all uses and occupancies other than those who are the present lessees or tenants of the District who have certain limited rights to use the premises pursuant to their agreement with the District.

ARTICLE 8

DESTRUCTION OF PREMISES

8.01 The City accepts the Pier Avenue School "as it presently is" and the District promises to keep and maintain the Pier Avenue School "as it presently is", until the close of escrow.

8.02 Should any of the improvements of the Pier Avenue School be substantially destroyed or substantially damaged prior to the close of this escrow, the District shall have the right to correct the destruction or damage within a reasonable period of time.

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8.03 If the District elects not to correct the destruction or damage, the City shall have the power, upon written notice to the escrow holder, to cancel this escrow and to terminate this contract and to recover any and all amounts paid to the escrow holder on the account of the purchase price of the property.

ARTICLE 9

FUTURE USE OF PROPERTY

The City agrees and promises that the future use of the property shall be restricted as follows:

9.01 Its use shall be in accordance with governing law.

9.02 Its use shall not be for any purpose other than parks, recreational, open space, educational, or other community purposes.

9.03 The Grant Deed attached as Exhibit "C" setting forth the restrictions in Paragraph 9.02 is approved by the City and the District. Both agree that if the Pier Avenue School should ever revert to the District or its successor in interest becomes the sole owner of the property, the District or its successor in interest shall be specifically bound by provisions set forth in Paragraph 9.02 above and the restrictions set forth in the Grant Deed. Both the City and the District agree to abide by and waive any right that they have which will by implication void the deed restriction referred to above.

9.04 The City and the District agree that in addition to the use of the property provided in Paragraphs 9.01, 9.02, and 9.03 the property may be used for other purposes for a period not exceeding three consecutive days at any one time and on the further condition that the city council make a finding that such particular use is of an advantage to the citizens of Hermosa Beach, except that the premises may not be committed for the purposes of an ongoing commercial enterprise which is not a complementary enterprise to a permitted use. 9

9.05 If there is any dispute that arises as to the use of the property which is not subject to a legal proceeding as provided in Paragraph 10, such conflict shall be submitted to arbitration as provided in the Arbitration Agreement attached as Exhibit "D."

ARTICLE 10

RIGHT OF RE-ENTRY

In the event the City shall ever trade, sell, exchange, or rezone the property known as the Pier Avenue School as more particularly described in Exhibit "A", the District or its successor in interest shall have the power to terminate the City's right and possessory interest in and to the Pier Avenue School through giving sixty days written notice to the City that within twenty days after the date first set forth in the notice that the District shall cause to be filed a cause of action(s) to cause the Pier Avenue School to revert to the District or its successor in interest, and the reversion shall become effective upon final order of a court of competent jurisdiction.

10.01 The District and the City agree that the City's non-use of all or any portion of the property shall not be deemed a breach of this Agreement.

10.02 The rights granted herein are not intended to preclude the District or its successor in interest from enforcement of any rights in this Agreement by any other remedy available at law or at equity.

ARTICLE 11

RIGHT TO EQUITABLE RELIEF

In the event the District ceases to exist and consolidates or rges with any other school district and if the new successor

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district elects not to enforce the terms and conditions of this Agreement and the exhibits incorporated herein with addendums, if any, the right of the District and the successor district are hereby assigned to any resident or property owner in the City of Hermosa Beach. That person shall have the right pursuant to the procedures set forth in this Agreement and the exhibits incorporated herein to prevent the City from using the Pier Avenue School for purposes not in accordance with the provisions of this Agreement and the exhibits attached hereto.

ARTICLE 12

NOTICES

Any and all notices to be given to either party by the other party, shall be in writing and shall be deemed served and given when personally delivered to the City Clerk of the City of Hermosa Beach (if the notice is to be given to the City) or to the Superintendent of Schools of the Hermosa Beach City School District or his/her designee (if notice is to be given to the District). Either party may change the person to whom notice is to be given by giving a written notice of such change to the other party in the manner provided in this section.

ARTICLE 13

ATTORNEYS FEES

Should any litigation be commenced between the parties hereto concerning said property or any arbitration commenced between the parties hereto concerning said properties, this contract or the rights and duties of either in relation thereto, the party prevailing such litigation shall be entitled, in addition to such other relief which may be granted, to a reasonable sum for attorneys fees, in such amounts as shall be determined by either the court or the arbitrator wherein such action is brought.

ARTICLE 14

SEVERABILITY CLAUSE

It is the intention of the City and the District that if any one or more provisions of the Agreement for Sale and Purchase or any of the attachments thereto are found to be void or unenforceable by a court of competent jurisdiction then and in that event the remaining provisions of this Agreement and the attachments thereto shall remain in full force and effect.

ARTICLE 15

EFFECTIVE DATE OF AGREEMENT

This Agreement has been approved by the Board on the 14 day of Feb., 1978, and by the City Council on the 28th day of February, 1978, and shall be effective at the conclusion of the adoption of the necessary resolutions and the publications thereof and of this Agreement as may be required by law. The parties agree to diligently proceed to comply with such requirements and to cause to be executed any and all documents necessary to effectuate the intent and meaning of this Agreement.

THIS AGREEMENT HAS BEEN EXECUTED by the Mayor of the City of Hermosa Beach on behalf of the City on the 28th day of February, 1978, and by all the Trustees of the Hermosa Beach City School District in behalf of the District on the 14 day of Feb., 1978.

HERMOSA BEACH CITY SCHOOL DISTRICT

Lynn Schubert

John L Rogers

Sheila D. Miller

Bonnie W. Grace

Ann Gilliser

THE CITY OF HERMOSA BEACH

Mary E. Tyson

Mayor of the City of Hermosa Be

ATTEST:

Barbara Fleming

City Cle

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